Recap of 2018 9% Competition

- Awarded ~$109M in annual federal credit in 2018 ($97.1 in 2017)
  - Plus $63.8M in State credits ($87.1M in 2017)
  - Plus $2.6M in Farmworker State Credits
- 136 applications received during two rounds (167 in 2017)
2018 9% Competition Results

- 70 projects awarded credits
  - 64 in 2017

- 51% success rate of applicants
  - 38% in 2017

- Will produce 4232 units
  - 3912 units in 2017
9% Application Submissions
2009 – 2018
Trend: Federal Credit Per Unit

9% Annual Federal Credit Per Unit from 2000 to 2018
Cost Trends for 2018 9% Projects

• Average cost per unit: $420,172
  • $409,749 average in 2017
  • 2.5% increase from 2017

• Average NC cost per unit: $452,056
  • $429,677 average in 2017
New Construction and Rehab Trends

- 82% of 2018 units were NC units
  - 3.3% increase from 2017

- Average Number of Units per Project
  - 62 in NC projects (60 in 2017)
  - 55 in rehabilitation projects (67 in 2017)
State Credits in 9% Projects

- Originally, 23 2018 projects received state credits
  - 23 projects in 2017
- Originally awarded $91.7 in state credits
  - Down from $116.7M in 2017
  - Exceeded amount of state credits available by $14.4M ($39.3M in 2017)
State Credits in 9% Projects

• TCAC invoked its ability to award DDA status and additional federal credits in exchange for state credits
• 4 projects returned $13.4M in state credits in exchange for $1.1M in additional annual federal credits
• These exchanges reduced the over-allocation of state credits down to $1M
Certificated State Credits

- Between the 9% and 4% programs, 23 projects received state credits in 2018
- 5 (22%) certificated their state credits
  - Decrease from 11 (50%) in 2016
  - Market turbulence discouraged certificated state credits
Certificated State Credits

- In 2018, the average state credit price at LOI:
  - Certificated: $0.89 (range of $0.85 to $0.90)
  - Allocated: $0.78 (range of $0.65 to $0.93)

- Certificated credits added $1.9M in equity in 2018.

- 16 of 58 (28%) 2018 state credit applicants chose certification
2019 First Round Preliminary Information

- 58 nine percent (9%) applications received in 2019 First Round (61 in 2018 R1)
  - 46 new construction (48 in 2018 R1)
    - 2 hybrid projects
  - 12 rehabilitation (13 in 2018 R1).
    - No re-syndications (6 in 2018 R1)
- 4 competitive four percent (4%) applications received (8 in 2018 R1)
2019 First Round Preliminary Information

- 50 nine percent (9%) projects self-scored at 113 points
  - 4 Native American apportionment projects self-scored between 95 and 100 points
- Range of federal credit requested: $479K to $2.5M
- 24 projects requested state credit (24 in R1 2018)
- Range of state credit requested: $1.5M to $12.2M
2019 First Round Preliminary Information

- 30 nine percent (9%) awards (29 in 2018 R1)
  - 51.7% success rate
  - $51.6M in annual federal credit ($42M in 2018 R1)
- 23 new construction (23 in 2018 R1)
- 7 rehabilitation (6 in 2018 R1)
- 1,937 total units (1,693 in 2018 R1)
2019 First Round Preliminary Information

- Average project size: 65 units (58 in 2018)
  - 66 new construction; 61 rehabilitation
- Average federal credit award: $1.72M ($1.45M in 2018) [$1.9M NC; $1M rehabilitation]
- Average federal credit per unit: $26,654 ($24,815 in 2018)
  - $29,510 for new construction
  - $16,551 for rehabilitation
Information on potential state credit awards:

- 13 nine percent (9%) awards (11 in 2018 R1)
  - $61M in state credit ($41.9M in 2018 R1)
- 3 four percent (4%) awards (4 in 2018 R1)
  - $13.5M in state credit ($14.6M in 2018 R1)
New Construction vs. Rehab Trends

Information on 30 2019 R1 potential 9% awards:

• 23 new construction projects (76.7%)
• 7 rehabilitation (23.3%)

• Average Number of Units per Project
  • 66 in new construction (60 in 2018 R1)
  • 61 in rehabilitation (54 in 2018 R1)
2018 4% Tax Credit Results

- Total number of projects increased from 105 in 2017 to 135 projects in 2018
- Total units increased from 10,179 in 2017 to 15,527 in 2018, a 53% increase
  - 10,179 in 2017 was a precipitous decrease from the 20,847 high in 2016.
- The 2018 total was higher than the 10 year average
2018 4% Tax Credit Results

- The amount of annual credits increased from $125M in 2017 to $214M in 2018, an increase of 71%
  - $230M in 2016

- 56% of units were acquisition and/or rehabilitation projects (55% in 2017)
Historical 4% Production

4% Total Units 2004 - 2018

- 2004: 12,361
- 2005: 11,846
- 2006: 12,804
- 2007: 13,717
- 2008: 12,355
- 2009: 5,437
- 2010: 5,248
- 2011: 11,248
- 2012: 9,478
- 2013: 9,804
- 2014: 9,213
- 2015: 13,601
- 2016: 20,847
- 2017: 10,179
- 2018: 15,527
Credit Pricing Trends

This low-income housing tax credit equity pricing chart is presented for general information purposes only. Per credit equity pricing is based on syndicator Letter of Intent (LOIs) provided to Novogradac & Company LLP by market participants. The equity price reported for each month is the average equity price for LOIs issued in that month. No adjustments to equity pricing are made for timing of capital contributions or other considerations. Data labels are rounded to the nearest cent.

Source: Novogradac & Company LLP
2019 4% Applications to Date

- Approved through March meeting: 31 projects (6 new construction and 25 rehabilitation)
- 16 of the 25 rehab projects are re-syndications
- 16% of units through March meeting are new construction (30% in 2018)
- At this point in 2018, TCAC had approved 22 projects.
TCAC - Looking Forward

• Alignment with CDLAC
  • Joint 4% Application

• Review TCAC Regulations
  • Maximize housing unit production
Evan Kass, Senior Program Manager
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
April 17, 2019
CDLAC Quick Facts

- 2019 Allocation:
  - $4.153 Billion in new Cap ($2 Million increase from 2018)
  - $1.5 Billion in old (Carryforward) Cap

- $4.6 Billion in 2018 allocation awarded to affordable housing projects.
CDLAC Allocation Pools

2018 Reservation

- Multifamily-General
- Multifamily-Mixed
- Multifamily-Rural
- CalHFA
- Single-Family
- Non-Housing
- Allocation on Hold

2019 Reservation

- Multifamily-General
- Multifamily-Mixed
- Multifamily-Rural
- CalHFA
- Single-Family Total:
- Non-Housing
- Allocation on Hold

2018 Usage

- Multifamily-General
- Multifamily-Mixed
- Multifamily-Rural
- CalHFA
- Single-Family
- Non-Housing
- Allocation on Hold
**Tax–Exempt Bond Cap**
**California & The Nation**

- **National 2017 PAB Usage**
  - $90 Billion Available ($35.4 Billion in Carryforward)
  - $29 Billion Issued (MCC’s included)

- **California 2017 PAB Usage**
  - $6 Billion Available ($2.1 billion in Carryforward)
  - $4.5 Billion Issued (MCC’s included)
Tax–Exempt Bond Volume Cap – California & The Nation

- 2017 National Utilization Rate: 32%
- 2017 California Utilization Rate: 75%
2018 Statistics
2018 Allocation by Region
Trends

QRRP New Construction vs. Acq/Rehab

<table>
<thead>
<tr>
<th>Year</th>
<th>New Constr. Units</th>
<th>Acq. &amp; Rehab Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>3,831</td>
<td>1,987</td>
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<tr>
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<td>2017</td>
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<td>6,311</td>
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<td>2018</td>
<td>8,652</td>
<td>7,076</td>
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</table>
2018 QRRP Allocation

QRRP Project Type
- Acq/Rehab
- New Construction
Trends

Allocation Per Unit

<table>
<thead>
<tr>
<th>Year</th>
<th>Allocation Per Unit</th>
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<tbody>
<tr>
<td>2010</td>
<td>$123,286</td>
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<td>2011</td>
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<td>2017</td>
<td>$279,574</td>
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<tr>
<td>2018</td>
<td>$272,460</td>
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</table>
CHANGE, CHALLENGES AND OPPORTUNITIES
Issues / Possible Road Blocks

- Readiness
  - Extension requests are on the rise. Top reasons are:
    - Increase in construction costs
    - Financing issues
    - Changes imposed by local authorities
  - Applications with placeholders are considered incomplete

- Excessive demand may cause competitive rounds
Changes
Regulations & Program

- Alignment with TCAC
  - Bi-monthly calendar coordination.
  - Continued refinement on the joint 4% Tax Credit / QRRP application.
  - Partnering to meet administrative housing goals.

- Updating regulations in 2019
Looking Forward

- Continuing to work to refine CDLAC’s Compliance system
- Refine synergies with the California Tax Credit Allocation Committee (CTCAC)
- Strive to allocate the full ceiling and carryforward.
CDLAC Contact Information

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